

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE  
SECOND SET OF INFORMATION REQUESTS FROM D.T.E.  
D.T.E. 02-75

Date: May 12, 2003

Witnesses Responsible: William Gresham and Joseph Ferro

DTE 2-1: Please refer to the Company's response to DTE 1-32.

- (a) Define "Line Loss," "Company Use," and "Unaccounted-for".
- (b) Indicate whether the Company is mandated by any State or Federal regulations to keep track of "Line Loss". If so, provide an such records for the past five years.
- (c) Did the Company add the forecast of "Gas Unaccounted For" into the sendout model? Explain.
- (d) Present a table with the following columns: year (2003 to 2007); "Gas Unaccounted For"; "Company Use"; Company's total requirements; and finally, a column that shows: (the sum of the percentage of "Gas Unaccounted For" and the percentage of "Company Use") divided by the Company's total requirements.
- (e) Explain the discrepancies in the Unaccounted For Gas history reported in Attachment 2 of the Company's response to Information Request DTE 2-2 in Bay State Gas Company, D.T.E. 03-10.

RESPONSE: (a) The Company defines Line Loss, Company Use and Unaccounted-for in accordance with the American Gas Association's definitions of these terms contained in AGA's Natural Gas Glossary. The definitions are as follows:

<i>Line Loss</i>	The amount of gas lost in a distribution system or pipeline.
<i>Unaccounted for Gas</i>	The difference between the total gas available from all sources, and the total gas accounted for as sales, net interchange, and company use. This difference includes leakage or other actual losses, discrepancies due to meter inaccuracies, variations of temperature and/or pressure, and other variants, particularly due to measurements being made at different times. In cycle billings, an amount of gas supply used but not billed as of the end of a period.
<i>Company Used Gas</i>	The quantity of gas consumed by a gas distribution or gas transmission company or the gas department of a combination company for the use of the gas company or gas department in its gas operations such as fuel for compressor stations, etc. Company used gas does not include any interdepartmental sales from the gas utility department to any other utility department.

(b) No specific Federal or State regulation mandates the Company to explicitly keep track of, or report, Line Loss. However, there are federal regulations requiring the company to report (and thus track) its Unaccounted for Gas, of which line loss is a component. Specifically, Federal regulation Title 49 CFR Part 191.11 requires the Company to submit Form RSPA F 7100.1-1 to the Department of Transportation (DOT). This report must be submitted each year, not later than March 15, for the preceding calendar year. Part E of this form is a section entitled Percent of Unaccounted for Gas. Similarly on the state level, the Massachusetts Department of Telecommunications & Energy (DTE) requests the Company to track its Unaccounted for Gas and report it on an annual basis.

(c) Yes, the Company used a Gas Unaccounted For ("UAF") factor of 1.0129 to increase its forecast sales volumes by rate class to reflect UAF gas, essentially converting firm sales and transportation volumes to the sendout requirements to satisfy firm sales and transportation throughput. This 1.0129 factor is used in determining/forecasting the sendout to sales ratio and represents the four-year average of the most recent 12-months ending June 30 percent UAF as filed in the Department of Transportation ("DOT") reports. Note that the 1.0129 factor expressed in relation to firm sales and transportation throughput is based on the same UAF volumes that derived the 1.0093 factor provided in response to DTE 1-32. The difference in the two percentages reflects that the following sources of volumes that were used to determine the 1.0093 factor were not included in deriving the 1.0129 factor:

- 1) grandfathered transportation,
- 2) interruptible sales,
- 3) an electric generation special transportation contract customer, and
- 4) the associated sendout as the base/denominator of the calculation of the percentage (not sales/transportation throughput)

(d) As stated in response to DTE 1-32, the Company inadvertently did not reflect Company Use gas in the forecast. Thus, Attachment DTE 2-1(d) shows zero Company Use for the forecast years in the table. Note that the calculated UAF percentage is 1.0127, which is the relationship between UAF volumes and sendout to satisfy firm sales and non-grandfathered transportation throughput.

(e) The general reason for discrepancies between the historical Unaccounted For ("UAF") Gas reported in the response to D.T.E. 2-2 in D.T.E. 03-10 and the UAF in response to the Information Request D.T.E. 1-32 in the instant proceeding is the difference in the 12-month time periods for each set of UAF data. The UAF in D.T.E. 2-2 is in connection with the data for the 12-month period ending December

31, as reported in the Company's Annual Report to the Department. The UAF provided in the response to D.T.E. 1-32 is in connection with the data for the 12-month period ending June 30, and as reported in the report to the Department of Transportation ("DOT"). The differences in the data caused by this shift of six months in the 12-month periods could cause noticeably different UAF results due to such factors as the vagaries of customer billing (estimated and/or inaccurate meter readings, prior period billings, etc.), accounting adjustments, and the calculation of unbilled volumes to set the billing month data for the 12-month period on a calendar month basis.

There are also some technical calculation differences that would cause minor discrepancies. In certain years, the calculations for each set of UAF results reflect different levels of sendout and meters sales activity. That is, some years include both bundled sales and transportation volume activity, while other years it only includes bundled sales activity. Also, in the most recent two years total throughput included the volumes of a special contract, electric generation customer, for the 12-months ending December, while for the 12-months ending June these volumes were not reflected in 2001. Attachment DTE 2-1(e) presents the variances in the total sendout used in the calculation, as well as in the resulting UAF.